



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 26, 1998

S. 1579

Rehabilitation Act Amendments of 1998

*As ordered reported by the Senate Committee on Labor and Human Resources
on February 4, 1998*

SUMMARY

S. 1579 would amend the Rehabilitation Act (VRA) of 1973 by reauthorizing several existing programs that cost over \$2.5 billion a year and altering the authorizing language for many of these grant programs. The bill would not reauthorize other programs that are currently unfunded. Although the major programs under the VRA expire in 1999, the Deficit Control Act requires that baseline spending projections assume extension of any mandatory program with outlays exceeding \$50 million (if that program was enacted before August 5, 1997). Consequently, the extensions of authorizations for VRA programs would not have any impact on pay-as-you-go budgetary procedures. The relatively modest changes to the VRA, which could have pay-as-you-go effects, would have an insignificant impact on direct federal spending.

The bill also would authorize appropriations for new programs totaling \$10 million for fiscal year 1998 and such sums as necessary for 1999 through 2004. Under the General Education Provisions Act (GEPA), which provides an automatic one-year extension of the authorization for all programs of the Department of Education, these authorizations would be extended through 2005. In addition, the bill would reauthorize the Helen Keller National Center Act, which expires at the end of fiscal year 1998. Costs for this program are projected to be about \$8 million a year. Finally, S. 1579 would eliminate authorizations for programs funded through Title VIII of the VRA, which currently are authorized through 1998. Title VIII programs are considered discretionary spending and are currently funded at about \$2 million a year.

Authorizations for discretionary appropriations under S. 1579 would total \$114 million for fiscal years 1998-2003, assuming adjustments for inflation. If funding for these programs is projected at 1998 levels without adjustments for inflation, authorizations over the 1998-2003 period would total \$105 million.

S. 1579 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1579 is shown in the table below.

The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

BASIS OF ESTIMATE

Spending Subject to Appropriation

For new programs, CBO used the stated authorization amount for fiscal year 1998 as the basis for projecting costs for those years for which amounts are not specified. We projected such spending both with and without adjustments for inflation. Similarly, for existing programs with "such sums" authorizations, we used the 1998 appropriation as the basis for projecting future funding levels. Estimated outlays assume current spending patterns.

Vocational Rehabilitation Act. While the bulk of programs authorized by the VRA are deemed to be direct spending, some VRA programs, including the National Council on Disability and programs authorized under Title VIII, are considered discretionary spending. In addition, spending authorized by any amendments to the VRA is classified as discretionary.

The bill would amend Title VI-A of the VRA to create a new grant program that would fund projects in telecommuting and self-employment for individuals with disabilities. The bill would authorize the appropriation of \$10 million in fiscal year 1998, and such sums as may be necessary through fiscal year 2004 for this new grant program. After accounting for the GEPA extension, this new program would be authorized through 2005. In addition, S. 1579 would eliminate the existing authorization for community service employment pilot programs, which are not currently funded.

The authorization for the National Council on Disability expires at the end of fiscal year 1998. S. 1579 would extend the "such sums" authorization of the council through 2004. The council has been funded at about \$2 million annually for the past several years.

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority	4	--	--	--	--	--
Estimated Outlays	3	1	--	--	--	--
With Adjustments for Inflation						
Proposed Changes						
Vocational Rehabilitation Act						
Estimated Authorization Levels	10	12	12	13	13	13
Estimated Outlays	7	11	12	12	13	13
Helen Keller National Center Act						
Estimated Authorization Levels	--	8	8	8	8	8
Estimated Outlays	--	5	8	8	8	8
Spending Under S. 1579						
Estimated Authorization Levels	14	20	20	21	21	22
Estimated Outlays	10	18	20	21	21	22
Without Adjustments for Inflation						
Proposed Changes						
Vocational Rehabilitation Act						
Estimated Authorization Levels	10	12	12	12	12	12
Estimated Outlays	7	11	12	12	12	12
Helen Keller National Center Act						
Estimated Authorization Levels	--	8	8	8	8	8
Estimated Outlays	--	5	7	8	8	8
Spending Under S. 1579						
Estimated Authorization Levels	14	19	19	19	19	19
Estimated Outlays	10	17	19	19	19	19
DIRECT SPENDING						
Baseline Spending Under Current Law						
Estimated Budget Authority	2,555	2,601	2,668	2,735	2,808	2,885
Estimated Outlays	2,529	2,585	2,646	2,713	2,784	2,860
Proposed Changes						
Estimated Budget Authority	*	*	*	*	*	*
Estimated Outlays	*	*	*	*	*	*
Baseline Spending Under S. 1579						
Estimated Budget Authority	2,555	2,601	2,668	2,735	2,808	2,885
Estimated Outlays	2,529	2,585	2,646	2,713	2,784	2,860

* = Less than \$500,000

Components may not sum to totals due to rounding.

Finally, S. 1579 would not extend authorizations for programs now authorized in Title VIII of the VRA. Although Title VIII currently authorizes several discretionary grant programs, they are funded at just \$2 million for fiscal year 1998, and are not authorized beyond that year.

Helen Keller National Center Act. The current authorization for the Helen Keller National Center Act expires at the end of 1998. S. 1579 would extend the "such sums" authorization for the center through 2005, including the GEPA extension.

The center is funded in the Rehabilitation Services and Disability Research budget account and, thus, currently is classified as direct spending. However, unlike the VRA grant programs, this program is not included in the current baseline spending projections after 1998 because the Deficit Control Act stipulates that direct spending programs of less than \$50 million shall not be included in the baseline projections past their expiration dates. This bill would reauthorize the center, and under existing budget practices, it would be reclassified as a discretionary program. The center received funding of \$8 million in 1998.

The bill would authorize additional appropriations for the center to maintain a national registry of individuals who are deaf-blind. CBO estimates that the costs of this registry would be negligible.

Direct Spending

S. 1579 would extend the "such sums" authorizations for existing programs under the VRA. The bill also would eliminate the authorizations of several unfunded programs. Most of the existing programs are funded in the Rehabilitation Services and Disability budget account, which is currently classified as direct spending.

Most of the grant programs under the VRA are currently authorized at "such sums as may be necessary" through 1998. There are, however, two exceptions: the authorization for the basic state grant program expires at the end of 1999 (assuming the GEPA extension), and the improvement and evaluation grants are permanently authorized.

S. 1579 would extend the authorization for the basic state grant program through 2006 including the GEPA extension. The estimated budget authority for basic grants is the previous year's appropriation adjusted for inflation. The basic state grant program received a total of \$2.25 billion in 1998.

For the client assistance grants under Title I and all the grants under Titles II through VII for which the authorization expires at the end of 1998, S. 1579 extends those "such sums"

authorizations through 2005, including the GEPA extension. In 1998, these grant programs received appropriations totaling \$296 million.

S. 1579 would authorize the National Council on Disability to solicit and accept monetary and non-monetary gifts and to use any such gifts to further its programs. The proceeds of such gifts would be invested in interest-bearing obligations of the United States. Because donations are uncommon in other instances when agencies have this authority, CBO has not estimated any significant direct spending effects from this provision.

PAY-AS-YOU-GO CONSIDERATIONS:

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. While S. 1579 would affect both direct spending and receipts, it would not result in any significant change in either outlays or receipts in fiscal years 1998 through 2003 relative to CBO's baseline projections.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1759 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995. The bill would reauthorize federal programs that provide grants to states for comprehensive vocational rehabilitation services designed to help individuals with physical and mental disabilities. In fiscal year 1998, states received approximately \$2.4 billion in grants from programs reauthorized in the bill. CBO estimates that under S. 1579 such grants would total \$2.5 billion in fiscal year 1999.

PREVIOUS CBO ESTIMATE

On May 8, 1997, CBO provided an estimate for H.R. 1385, the Employment, Training and Literary Enhancement Act of 1997. Division B of this bill dealt with authorization of VRA programs. Although S. 1579 and H.R. 1385 differ, their budgetary effects with regards to the VRA are similar.

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